

**OFFICE OF INDEPENDENT BUDGET ANALYST
CITY OF SAN DIEGO
M E M O R A N D U M**

Date: April 14, 2008

To: Honorable Council President Scott Peters and Members of the City Council

From: Andrea Tevlin, Independent Budget Analyst

Subject: Update on Contract with Actuarial Service Company, P.C.

On February 5, 2008, the City Council approved Item-330, Agreement with Actuarial Service Company, P.C. (Company) to provide actuarial consulting services and analyses related to the City's retirement system. Of the \$300,000 approved by Council, approximately \$148,000 was paid to the Company to cover previous work performed. The remaining \$152,000 covers anticipated actuarial services to be performed for the Mayor, the City Council and the IBA.

The Council directed the IBA to provide a monthly status update and review of the Actuarial Contract. This update covers work performed during the month of March; there was no activity performed or billed for the month of February.

For the month of March, the Company billed the City \$20,484 for a total of 87.6 hours of work. Approximately \$132,000 remains on the contract for future services. Listed below is a breakdown of the work performed for each recipient.

Services performed for:

Mayor

For the month of March, the Company billed the Mayor's office \$768 for 3.2 hours of work. In that time, the Company's principal, Mr. Joe Esuchanko studied the June 30, 2007 Cheiron Actuarial Valuation in order to be prepared to answer any questions from the Council. No other activity was performed or billed for the Mayor in March.

March 2008 Fee Summary	
Total Contract Amount	\$ 152,423.85
Previously Invoiced	\$ -
Mayor	\$ 768.00
IBA	\$ 17,364.00
City Attorney	\$ 2,352.00
Total March Expenditures	\$ 20,484.00
Balance Remaining	\$ 131,939.85

Independent Budget Analyst

The Company billed the City \$17,364 for 74.6 hours of work performed at the request of the IBA. In that time, Mr. Esuchanko developed and analyzed alternative retirement

pension designs for the IBA; the results of which have been published in IBA Report 08-32, Retirement Package Design and Options for Consideration, issued on April 15, 2008.

City Attorney

The Company billed the City Attorney \$2,352 for 9.8 hours of work. In that time, Mr. Esuchanko reviewed the Voluntary Compliance Program Agreement and proposed Ordinance, as well as purchase of service credits in the annual actuarial valuations. While the current contract does not allocate funding for the City Attorney, nor is there a separate agreement for the City Attorney, the Mayor has authorized Mr. Esuchanko to perform work requested by the City Attorney. The Chief Operating Officer has confirmed that the City Attorney can expend up to \$50,000 on actuarial services; the Mayor has assumed responsibility for funding.

Since the inception of the Agreement, approximately \$20,000 of the \$150,000 contract has been spent on actuarial services. \$132,000 remains for future work to be performed by the Company.

Actuarial Services Contract Breakdown			
	Mayor/Council/IBA	City Attorney	COMBINED
Expended	\$ 18,132.00	\$ 2,352.00	\$ 20,484.00
Remaining	\$ 84,291.85	\$ 47,648.00	\$ 131,939.85
TOTAL CONTRACT VALUE	\$ 102,423.85	\$ 50,000.00	\$ 152,423.85

Attachments: March 2008 Fee Summary, Actuarial Service Company, P.C.